

Preservation of Existing Affordable Housing

Summary/Current Problem:

Preserving the supply of affordable rental housing, both subsidized and unsubsidized, enables people to stay in their homes and communities (part of the larger anti-displacement strategy). Under programs such as Section 8 and the Low-Income Housing Tax Credit program (LIHTC), owners agree to maintain affordable rents for a set period, usually 15-30 years, in exchange for federal subsidies. When those agreements expire, owners can re-enroll in the affordability programs or convert their properties to market-rate units. In some cases, private owners can leave subsidized programs before rent restrictions expire by prepaying their mortgages after a set number of years. Another reason for loss in affordable units is when owners are ineligible due to financial/physical problems or the property is located in an area with high vacancy rents and high contract rents.

Based on the National Housing Preservation Database, CHPC compiled [a list of federally-assisted properties at-risk of conversion](#) due to the expiration date of a rental assistance contract or the maturing of a HUD mortgage with affordability restrictions. For San Mateo County, 430 affordable units are at-risk within the next year and another 164 affordable units will be at-risk by 2016.

Benefits:

- Preservation typically costs about one-half to two-thirds as much as new construction (HUD). According to a 2013 study by the Center for Housing Policy on affordable multifamily rental housing, savings from rehabilitation are realized even when accounting for the full lifecycle of a property. Although costs such as maintenance expenses may be higher over the life of a rehabilitated property, rehabilitation is still more cost effective than new construction. According to the study, when controlling for location, project size, average unit size, building type, and year of development, new construction costs between \$40,000 and \$71,000 more than acquiring existing developments.¹
- Preservation has positive for the community. For example, in gentrifying neighborhoods, preserving affordable rental housing promotes economic diversity, creating/sustaining a mixed-income neighborhood. Helping residents stay in their neighborhoods allows them to take advantage of improvements such as increased access to transit, jobs, and services.

Potential Policies:

- Update inventory of at-risk and lost units/properties
 - Track changes in affordability levels, subsidy type, conversion status, building conditions, conditions that may cause loss of properties in 5, 10, 20, 30 years (tax-credit time limits, loan maturities, etc.)
- Require one-to-one replacement of any affordable units that are razed, removed from stock, or converted to condominiums
- Provide/require platform for public input (such as public hearings or comment period) during the 12 months when owner gives notice with intent to discontinue subsidies or expiration of rent restriction

¹ Maya Brennan, Amy Deora, Anker Heegaard, Albert Lee, Jeffrey Lubell, and Charlie Wilkins. 2013. "Comparing the Costs of New Construction and Acquisition-Rehab In Affordable Multifamily Rental Housing: Applying a New Methodology for Estimating Lifecycle Costs," Center for Housing Policy, 11.

- Provide funding for rehabilitation and/or purchase of at-risk properties
 - Prioritize and utilize funds from HOME and CDBG for preservation (South San Francisco, Housing Element Policy 3-2, 3-3)
 - Early coordination to identify sources of financing to enable non-profit ownership
- Waive permit fees for affordable housing rehabilitation conducted through CDBG or other San Mateo County programs (San Bruno, Housing Element Program 1-I)

Model Ordinances/Useful Sources:

- California Housing Partnership Corporation, “Local Preservation Strategies”:
<http://chpc.net/dnld/LocalPrezStrat012512.pdf>
- City of South San Francisco, [Housing Element](#) Policy 3-2, 3-3
- City of San Bruno, [Housing Element](#) Program 1-1